

FREIGHTWATCH INTERNATIONAL SCIC

Intelligence Report Cargo Theft — Mexico

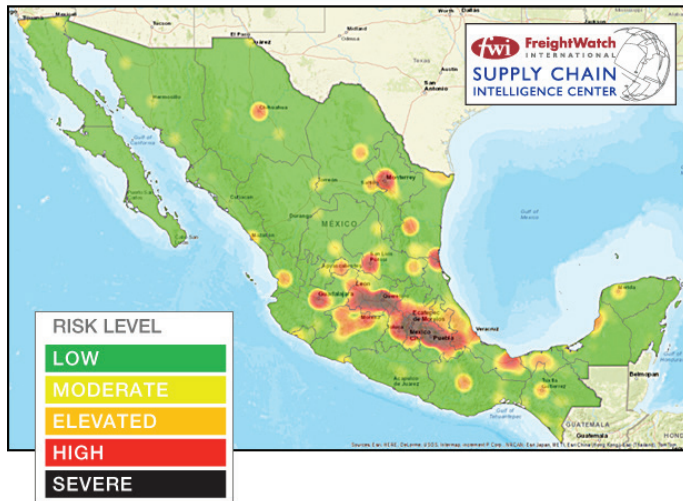
Q1-2016

Statistical Analysis

The search, recording and analysis of cargo thefts throughout Mexico, allows the FreightWatch International Supply Chain Intelligence Center (SCIC) to assess the levels of risk in the country. These statistics provide a broad outlook on the leading areas of risk in Mexico.

The following map illustrates the levels of risk from high to low on the different highways in Mexico.

INCIDENT MAP — MEXICO Q1-2016



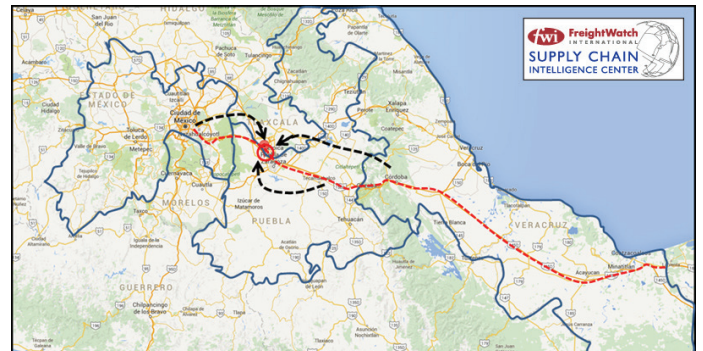
The high-risk areas for freight transport are concentrated in the central region of Mexico, mainly in the states of Puebla, Mexico, Veracruz, Queretaro, and Guanajuato.

Factors Involved in Cargo Theft



BETTER-ORGANIZED CRIMINALS

Criminal groups specializing in cargo theft operate simultaneously in different areas of the country, such as the states of Mexico, Puebla and Veracruz. While the criminals carry out the theft of a unit of cargo, they are in constant communication with various individuals located in other areas of the country, in order to verify that the theft has been successfully completed and to choose the storage location for the merchandise, such as a venue located in Coronango, Puebla.¹



FUEL THEFT Products not previously considered targets of theft by criminals are now positioned as high-risk merchandise, as is the case with fuel.

The Ministry of Public Security (Secretaría de Seguridad Pública [SSP]), conjointly with Petróleos Mexicanos (PEMEX), trained members of the State Police in the inspection of tanker trucks that transport petroleum products and the inspection of their documentation.²

1 E-Puebla: <http://e-puebla.com/nota/2016-03-22/seguridad/aseguran-en-coronango-almacen-de-tractocamiones-robados>

2 Golfo Pacifico: <http://golfopacifico.com/2016/01/23/se-capacita-policia-estatal-para-prevenir-robo-de-hidrocarburos/>

In the state of Guanajuato, authorities found a 15-meter-long tunnel constructed under the fuel pipeline. This tunnel allowed criminals to perforate the pipelines, steal the fuel, and move it via hoses to trucks waiting at the exit of the underground area.³

MODUS OPERANDI Criminals are beginning to pay more attention to rail theft, mainly in the states of Guanajuato and Querétaro, drawing the attention of the authorities.

The increase in rail theft endangers the possible investment of large automakers in the state of Guanajuato, such as BMW, Audi, Mazda, Honda, and Mercedes-Benz.⁴

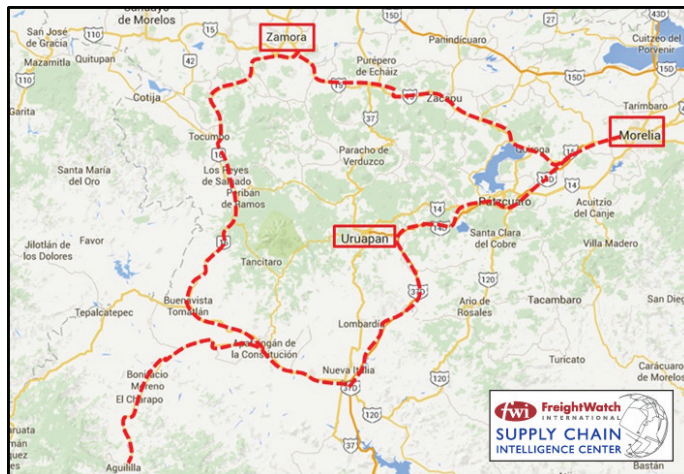
The various Public Security directorates of Guanajuato have coordinated with each other to combat rail theft. One of the first actions carried out was to increase surveillance patrols on the railways (via the two stretches that make up the state highway running alongside Villagran to Celaya) as well as from Celaya to Salamanca (via the federal Pan-American highway).

SOCIAL CONFLICTS Cargo trucks are affected by road blocks erected by demonstrators at odds with the government.

CONFLICTS BETWEEN CRIMINAL GROUPS During the middle of April (13-15) there were blockades for three days in the state of Michoacan. During these blockades, armed civilians burned at least four vehicles in the Tierra Caliente region.

The blockades affected highways such as Aguililla-Apatzingan, Apatzingan-Buena Vista, and Nueva Italia-Gabriel Zamora, as well as those in the cities of Zamora, Jacona, Chilchota, Parado, and Uruapan, among others.

The riots, which occurred in at least fifteen cities in the state of Michoacan, were related to the criminal group known as “Los Viagras,” who, in addition to the highway blockades, burned fifteen vehicles. Fifteen rifles were also confiscated from this group after they were detained by the authorities.⁵



STOPPING IN UNSAFE PLACES Cargo is intercepted by criminals when drivers stop to repair a tire, for mechanical failure, at service stations, or at *cachimbas* and *huachicoleras* (informal truck stops and clandestine gas stations selling stolen gas).

SALE ON THE BLACK MARKET Criminals look to steal products that resell easily on the markets, such as: *Food & Drinks, Fuel, Miscellaneous, Clothing & Shoes, and Building & Industrial*. Official sources have indicated that some shipments are stolen at the specific request of the criminal who buys this type of stolen product.

HIGH-VALUE MERCHANDISE Criminals try to steal high-value shipments for the economic benefit that can be derived from their resale. It is important to mention that the type of criminals involved in this type of crime (*Theft of High-Value Products*) usually operate in groups of six to eight people with three vehicles on average, and communicate with other criminals helping to coordinate the crimes from offsite locations.

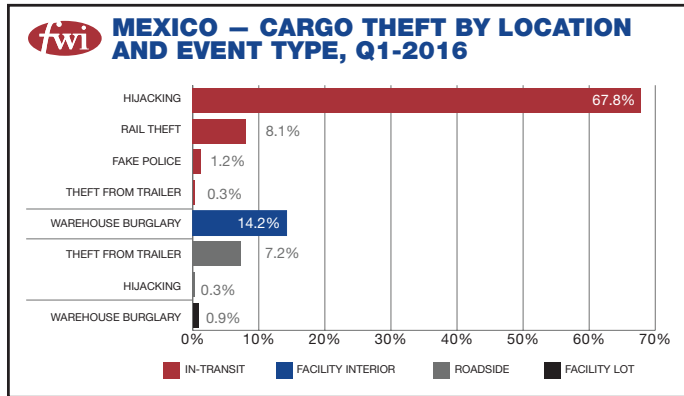
3 Transporte: <http://www.transporte.mx/roban-combustible-con-camiones-adaptados-y-tuneles/>

4 Xtremsecure: <http://xtremsecure.com.mx/peligran-inversiones-por-robos-a-trenes/>

5 Cronica: <http://www.cronica.com.mx/notas/2016/955201.html>

Cargo Theft by Location and Type of Event

The following graph shows the distribution of the number of thefts by type of event in each location.



IN-TRANSIT In 77.4% of cases, cargo theft occurs while the shipment is in-transit.

- **Hijacking** In 67.8% of cases, the M.O. used by organized crime is to hijack the driver while he is in transit.
- **Rail Theft** In 8.1% of cases, rail theft occurs while the train is in-transit
- **Fake Police** In 1.2% of cases, freight thefts are carried out by individuals impersonating police officers
- **Theft from Trailer** In 0.3% of cases, the driver is involved in the theft while in-transit.

FACILITY INTERIOR In 14.2% of cases, cargo thefts occur inside the client's yard facilities.

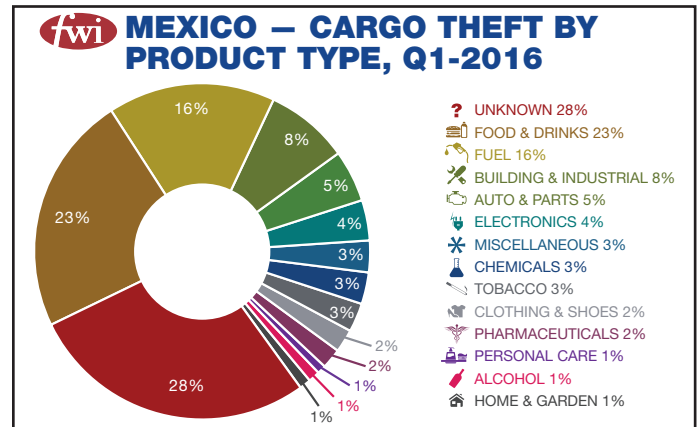
ROADSIDE In 7.5% of cases, freight thefts occur when the truck stops on the side of the road for food, rest, or repairs.

- **Hijacking** In 7.2% of cases, the M.O. used by organized crime is to hijack the driver when stopped.
- **Theft from Trailer** In 0.2% of cases, the driver is involved in the theft when the truck is stopped.

FACILITIES In 0.9% of cases, the cargo theft occurs inside yards, boarding houses or workshops.

Cargo Theft by Product Type

Most cargo theft incidents identified by FreightWatch International throughout Mexico provide only partial information on the type of merchandise stolen. Therefore, the percentage of unknown merchandise is high, amounting to 28% of all incidents.



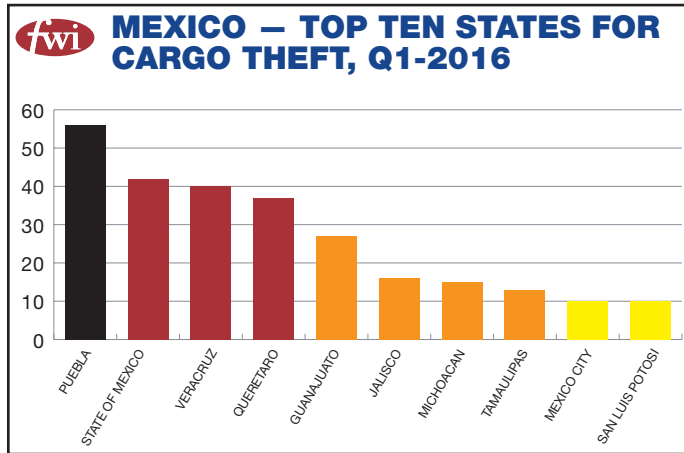
FOOD & DRINKS (23%): The distribution of *Food & Drinks* thefts by state is as follows: State of Mexico (25%), Puebla (22%), Veracruz (13%), Queretaro (8%), Tlaxcala (5%), Michoacan (5%), Guanajuato (4%), Tabasco (4%), Colima (1%), Yucatan (1%), Sinaloa (1%), Mexico City (1%), Chiapas (1%), Nuevo Leon (1%), Hidalgo (1%), Chihuahua (1%), Northern Baja California (1%), and Morelos (1%).

FUEL (16%): The distribution of *Fuel* thefts by state is as follows: Puebla (31%), Veracruz (27%), Queretaro (10%), Guanajuato (10%), Campeche (4%), Tamaulipas (4%), Colima (2%), Quintana Roo (2%), Jalisco (2%), Tlaxcala (2%), Yucatan (2%), Michoacan (2%), Aguascalientes (2%), and Nuevo Leon (2%).

BUILDING & INDUSTRIAL (8%): The distribution of *Building & Industrial* thefts by state is as follows: Guanajuato (19%), Queretaro (15%), Puebla (12%), State of Mexico (12%), Nuevo Leon (8%), Hidalgo (8%), Chiapas (4%), Tabasco (4%), Tamaulipas (4%), Coahuila (4%), Campeche (4%), Colima (4%), and Michoacán (4%).

Cargo Theft by State

The following is a list of the ten states with the highest theft rate in Q1-2016.



Puebla	56	17%
State of Mexico	42	13%
Veracruz	40	12%
Queretaro	37	11%
Guanajuato	27	8%
Jalisco	16	5%
Michoacan	15	5%
Tamaulipas	13	4%
Mexico City	10	3%
San Luis Potosi	10	3%

The highest-risk area for cargo theft is concentrated in the country's Central Region.

Following is the distribution of the number of thefts by cities for the five states with the highest number of thefts during Q1-2016.

PUEBLA The cities with the highest number of thefts during Q1-2016 in this state are Tecamachalco, Puebla, San Martin Texmelucan, and Amozoc.

City	Thefts	City	Thefts
Tecamachalco	5	Tlacotepec de Benito	1
Puebla	5	Juarez	1
San Martin Texmelucan	4	Zacatepec	1
Amozoc	4	Santa Rita Tlahuapan	1
Coronango	3	San Pedro Cholula	1
Tehuacan	3	Central de Abastos Puebla	1
Quecholac	3	Tlalancaleca	1
Acatzingo	3	Tepeaca	1
Palmar de Bravo	2	Tlatlauquitepec	1
Santa Maria Xonacatepec	2	Libres	1
San Francisco Ocotlan	2	Plamar de bravo	1
Sanctorum	2	Xicotepec	1
Huejotzingo	1	Santa Ana Xamimilulco	1
Tepatlatxco	1	Santa Maria Moyotzingo	1
Necaxa	1	San Matias Tlalancaleca	1
San Martin Texmelucan	1	Total	56

The highways considered high-risk in this state are the Puebla-Orizaba and Perote-Puebla highways.

STATE OF MEXICO The cities with the highest number of thefts during Q1-2016 in this state are Ixtapaluca, Toluca, Naucalpan, Cuautitlan Izcalli, and Ecatepec.

City	Thefts	City	Thefts
Ixtapaluca	4	Heroes Tecamac	1
Toluca	4	San Francisco Chalchihuapan	1
Naucalpan	3	Central de Abastos Ecatepec	1
Cuautitlan Izcalli	3	Teotihuacan	1
Ecatepec	3	Chiautla	1
Atacomulco	2	Tezoyuca	1
Tlalnepantla	2	Jilotepec	1
Tultitlan	2	Acolman	1
Acambay	2	Chicoloapan de Juarez	1
Tultepec	1	Axapusco	1
Texcoco	1	Piramides	1
San Martin Piramides	1	Huehuetoca	1
Ecatepec de Morelos	1	Total	42
Coacalco	1		

The highways considered high-risk in this state are the Mexico-Queretaro, Circuito Mexiquense, and Arco Norte highways.

VERACRUZ The cities with the highest number of thefts during Q1-2016 in this state are Minatitlan, Cordoba, Orizaba, Coatzacoalcos, and Tlapacoyan.

City	Thefts	City	Thefts
Minatitlan	2	El Mango	1
Cordoba	2	Minatitlan	1
Orizaba	2	Eseperanza	1
Coatzacoalcos	2	Ciudad Mendoza	1
Tlapacoyan	2	Esperanza	1
Atoyac	1	Papantla	1
Rio Frio	1	Tarimoya	1
Palma Sola	1	Paso Nuevo	1
Coatepec	1	Totutla	1
La Tinaja	1	Coahuilan	1
Actopan	1	Xalapa	1
Nogales	1	Fortin	1
Agua Dulce	1	Tuxpan	1
Paso Amapa	1	Huatusco	1
Cosoleacaque	1	Yanga	1
Acayucan	1	Ixhuatlancillo	1
Cuitlahuac	1	La Mancha	1
Magueyitos	1	Total	40

The highways considered high-risk in this state are the Puebla-Orizaba and Perote-Puebla highways.

QUERETARO The cities with the highest number of thefts during Q1-2016 in this state are San Juan del Rio, Santiago de Queretaro, and Tequisquiapan.

City	Thefts
San Juan del Rio	17
Santiago de Queretaro	7
Tequisquiapan	3
Pedro Escobedo	2
El Marques	2
Santa Maria Magdalena	2
Corregidora	1
Palmillas	1
Tepeji del Rio	1
Polotitlan	1
Total	37

The highways considered high-risk in this state are the Mexico-Queretaro and Queretaro-Celaya highways.

GUANAJUATO The cities with the highest number of thefts during Q1-2016 in this state are Irapuato, Celaya and Salamanca.

City	Thefts
Irapuato	6
Celaya	6
Salamanca	4
Villagran	2
Apaseo el Grande	1
San Jose Iturbide	1
San Felipe	1
Villagran	1
Silao	1
Apaseo el Alto	1
Cortazar	1
Leon	1
Penjamo	1
Total	27

The highways considered high-risk in this state are the Irapuato-Abasolo, León-Lagos de Moreno, and Celaya-Salamanca highways.

Recommendations

FreightWatch International recommends that drivers stay alert, especially in high-risk areas and areas without reception. Drivers must inform their monitoring office of all risk situations that arise, such as suspicious individuals and vehicles.

Furthermore, we recommend providing training in security issues to drivers, conducting transport operation during daylight, making sure the freight vehicle in which the merchandise is transported is in good mechanical condition, and maintaining constant monitoring to identify incidents on time and react immediately.

Some incidents of theft have occurred when vehicles stop at places not considered safe (*cachimbas and huachicolas*); due to detours by the vehicles along the way, whether at the drivers' initiative or when forced to detour by criminals; when leaving the yard; and on arrival at the destination.

Accordingly, we advise that drivers only stop at previously defined locations that are considered to be low-risk, and not make any detours from the authorized route.

In addition, conducting risk audits on the highways used in the supply chain every three months helps to identify, manage, and mitigate risk through identified action plans.

It is also recommended to review and share the content of the Official Gazette of the Federation (DOF) from June 12, 2015⁶ with logistics and security departments, where the classification of highways is modified, as foreseen in the referenced Appendix in Article 6 of the Regulation on Weight, Dimensions and Capacity of Transport Vehicles that Travel on Highways and Bridges in the Federal Jurisdiction, in order to identify which highways are safest for freight vehicles.

6 D.O.F.: http://www.dof.gob.mx/nota_detalle.php?codigo=5396521&fecha=12/06/2015

A Note About FreightWatch International Data



Unless otherwise noted, the theft statistics in this assessment are derived from data collected by the FreightWatch International Supply Chain Intelligence Center (SCIC) and other information collected from reliable sources. The SCIC captures cargo theft and supply chain risk data from numerous sources across the globe. These include, but are not limited to, the databases of FreightWatch International (FWI), its customers, law enforcement agencies, industry organizations, insurance industry sources, and news reports. This report offers an analysis of the data collected during 2015, providing insight into cargo theft and supply chain risk across the globe.

Please note that cargo theft goes largely unreported; as such, total theft figures for a particular country or region are likely higher than stated. In addition, global cargo theft circumstances and risks change, sometimes frequently and quickly, and in ways that may make the facts and opinions expressed here no longer valid. Therefore, the extent to which organizations rely on the information provided in this assessment should be solely at their discretion.

About FreightWatch International



FreightWatch International (FWI) is a leading provider of **global logistics security services**, offering tracking and monitoring solutions that provide organizations with cargo security, **transparency** and **supply chain integrity** from origin to destination. Using real-time visibility technology and layered solutions, organizations can actively monitor their cargo anywhere in the global supply chain to mitigate the risks associated with theft, spoilage, counterfeiting and more. With operations across the globe, FWI is uniquely positioned to deliver services regionally across diverse supply chains.

FWI is part of Sensitech Inc., a leading provider of supply chain visibility solutions. These solutions enable global leaders in the life sciences, food and industrial markets to track and monitor assets across the supply chain to protect the integrity of temperature-sensitive products. Sensitech is an ISO 9001:2008 company based in Beverly, Massachusetts, with more than 36 sales, service and distribution locations around the world. Sensitech is a part of **UTC Climate, Controls & Security**, a unit of United Technologies Corp. (NYSE: UTX), a leading provider to the aerospace and building systems industries worldwide.

More information about FreightWatch International is available at www.freightwatchintl.com

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